

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-1399/1	Introduction Number SB-157
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Subject

Providing health insurance coverage of mental disorders that is the same as coverage of physical conditions

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input checked="" type="checkbox"/> SEGS	

Agency/Prepared By ETF/ Pam Henning (608) 267-2929	Authorized Signature Dave Hinrichs (608) 266-3763	Date 3/29/01
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Fiscal Estimate Narratives
ETF 4/25/01

LRB Number 01-1399/1	Introduction Number SB-157	Estimate Type Original
Subject Providing health insurance coverage of mental disorders that is the same as coverage of physical conditions		

Assumptions Used in Arriving at Fiscal Estimate

LRB 1399/1 prohibits all group health policies offered by the State to its employees and annuitants and to participating local governments from including limitations on mental health or alcohol or other drug abuse treatment (AODA) that are not applied to other medical services. This proposal will have a fiscal effect to the extent that it increases premium paid by the State and participating local governments for health insurance coverage.

Currently, due to the federal Mental Health Parity Act (MHPA), the state health program adheres to most of the requirements of LRB 1399/1. Under the MHPA, the annual dollar limits for mental health services under the State health insurance program have been temporarily suspended since 1998. However, an annual maximum of 30-days is applied to inpatient mental health treatment. In addition, the program currently limits annual coverage for AODA to \$6,300 for inpatient services, \$1,800 for outpatient services and \$2,700 for transitional services.

The impact of LRB 1399/1 on the State health insurance program would be to:

- * Permanently remove the annual dollar maximums (currently suspended) for mental health services.
- * Remove all annual dollar maximums for AODA treatment.
- * Remove the annual 30-day inpatient limit for mental health and AODA services.

The federal Mental Health Parity Act includes an exemption if the cost of parity exceeds 1% of the program's costs. For this reason, the effect of the federal MHPA is being studied to determine whether it has increased health plan costs by 1% or more. LRB 1399/1 does not include such an exemption. Therefore, the cost of LRB 1399/1 will vary, depending upon whether it is determined that the federal MHPA does not apply to the state program.

According to information provided by the consulting actuary to the Group Insurance Board, the estimated fiscal impact of LRB 1399/1 could range from \$461,600 annually (\$.25 per member per month x 157,000 members x 12 months x .98 the state's share of the cost) if the health plans remain subject to the MHPA, to a minimum of \$3.87 million (\$2.10 per member per month x 157,000 members x 12 months x .98) if MHPA does not apply.

Impact on Funding:

\$461,600 = \$212,300 GPR/\$249,300 all other funds

\$3.87 million = \$1.78 million GPR/\$2.09 million all other funds

Long-Range Fiscal Implications

On-going.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$See narrative	\$

NET CHANGE IN REVENUE		\$		\$
Agency/Prepared By	Authorized Signature		Date	
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